

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6669

BILL NUMBER: HB 1137

NOTE PREPARED: Jan 4, 2006

BILL AMENDED:

SUBJECT: Full-Day Kindergarten Funding from Tax Amnesty.

FIRST AUTHOR: Rep. Orentlicher

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: ☒ **GENERAL**
☐ **DEDICATED**
☐ **FEDERAL**

IMPACT: State & Local

STATE IMPACT	FY 2006	FY 2007	FY 2008
State Revenues			
State Expenditures	45,500,000	45,500,000	
Net Increase (Decrease)	(45,500,000)	(45,500,000)	

LOCAL IMPACT	CY 2006	CY 2007	CY 2008
Local Revenues	45,500,000	45,500,000	
Local Expenditures			
Net Increase (Decrease)	45,500,000	45,500,000	

Summary of Legislation: This bill uses money received under the Tax Amnesty Program to provide full-day kindergarten grants. It makes an appropriation.

Effective Date: January 1, 2006 (retroactive).

Explanation of State Expenditures: The bill increases the appropriation for full-day kindergarten grants from \$8.5 M to \$54 M in FY 2006 and FY 2007. The additional appropriation is to be paid from a special account

in the state General Fund that received surplus state tax amnesty revenues. The money in the account does not revert at the end of the fiscal year. However, any amount remaining after the distributions are made for the full-day kindergarten at the end of FY 2007 would revert to the General Fund.

It is anticipated that the provisions of this bill concerning calculations and reporting requirements for the Budget Agency and the Auditor of State can be implemented through the use of existing staff and resources.

Explanation of State Revenues: This bill requires that the money received under the tax amnesty program as of January 30, 2006, which is attributable to the:

- (1) Parimutuel taxes;
- (2) Riverboat taxes;
- (3) Utility Receipts Tax;
- (4) Sales and Use tax;
- (5) Corporate Adjusted Gross Income (AGI) Tax; and
- (6) Individual AGI Tax;

MINUS \$60 M, is to be used to increase the appropriation to the Department of Education for full-day kindergarten. The money from the calculation above is to be deposited in a special account in the state General Fund to be used to increase the appropriation to the DOE. As of December collections numbers, it is estimated that at least \$120.3 M would be deposited in the special account to cover the additional \$91 M appropriation. The amount that is deposited in the special account will come solely from state General Fund revenues.

The Department of State Revenue reports that the money received under the tax amnesty program through December 2005 attributable the taxes listed above is as follows:

Listed Tax	Collected (in millions)
Parimutuel taxes	\$0.0
Riverboat taxes	\$0.0
Utility Receipts Tax	\$0.62
Sales and Use tax	\$52.5
Corporate AGI Tax	\$83.4
Individual AGI Tax	\$44.3
TOTAL	\$180.3

Background: the Tax Amnesty Program began on September 15, 2005, and ended on November 15, 2005. The program was enacted in P.L. 236-2005 to allow payment of tax liability without penalty by taxpayers who:

- (1) had never filed (nonfilers);
- (2) filed a return, but underreported income, misapplied credits or deductions; or
- (3) did not file a subsequent return (accounts receivable).

According to the Department of State Revenue, over 91,000 taxpayers took advantage of the program. Total amnesty collections for all taxes through December of 2005 were equal to \$210.2 M. The Department of State

Revenue has reported that after all payments are collected, the total amount of all collections from the amnesty program will equal close to \$255 M with administrative expenses currently estimated at \$12 M.

Explanation of Local Expenditures:

Explanation of Local Revenues: See *Explanation of State Revenues*.

State Agencies Affected: Budget Agency; Auditor of State; Department of Education.

Local Agencies Affected: Schools.

Information Sources:

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